



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, AUGUST 1, 2006
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JUSTICE DEPARTMENT REQUIRES DIVESTITURE IN MITTAL STEEL'S ACQUISITION OF ARCELOR

Tin Mill Divestiture Needed to Protect Competition

WASHINGTON — The Department of Justice said today that it will require Mittal Steel Company N.V. to divest one of three North American tin mills it will own after its \$33 billion acquisition of Arcelor S.A. in order to proceed with the deal. The Department said the acquisition, as originally proposed, would have substantially lessened competition in the market for tin mill products in the eastern United States.

On May 11, 2006, the Department reached an agreement with Mittal that allowed the Department to continue its investigation of the company's proposed acquisition of Arcelor. Under the agreement, the Department required Mittal to divest Dofasco Inc., owned at the time by Arcelor, to ThyssenKrupp AG, in the event the Department determined that the combination of Mittal and Arcelor was likely to result in a substantial lessening of competition. The agreement also provided that, if Mittal was unable to divest Dofasco, Mittal had to divest certain alternative assets to a buyer acceptable to the Department.

After a thorough investigation, the Department has concluded that the proposed transaction would be anticompetitive and that divestitures are necessary to remedy the likely harm to competition.

As a result of its decision, the Department's Antitrust Division filed a civil lawsuit today in U.S. District Court in Washington, D.C., to block the proposed transaction and, at the same

time, filed a proposed consent decree that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns.

The Department said that the original deal would have adversely affected competition by eliminating constraints on the ability of tin mill products producers to coordinate their behavior and thereby increase the price of tin mill products to can manufacturers and other customers particularly in the eastern United States. Tin mill products are finely rolled steel sheets normally coated with tin or chrome. Tin mill products are used primarily in the manufacture of sanitary food cans and general line cans used for aerosols, paints and other products.

Prior to Mittal's acquisition of Arcelor, two large firms—Mittal and one other integrated steel producer—accounted for more than 74 percent of all tin mill product sales in the eastern United States, but Arcelor, together with its subsidiary Dofasco, which operates a large integrated mill in Ontario, provided a significant competitive constraint on these two firms. The proposed acquisition would have removed that constraint and made anticompetitive coordination more likely.

The Department said the proposed consent decree will preserve competition by requiring the divestiture of one of the three North American tin mills that Mittal will own following its acquisition of Arcelor—the Dofasco mill, currently owned by Arcelor, located in Hamilton, Ontario, Canada; Mittal's Sparrows Point facility located near Baltimore, Maryland; or Mittal's Weirton facility located in Weirton, West Virginia.

The proposed consent decree provides for the divestiture of the entire steel mill. The consent decree sets forth a procedure under which Mittal is first required to use its best efforts to sell Dofasco. If Mittal is unable to sell Dofasco because Arcelor placed Dofasco in a Dutch trust, or "stichting," as a defensive measure when the Mittal tender offer was first announced, then the Department of Justice can select either the Sparrows Point or Weirton facilities for

divestiture. The Department has determined that the proposed divestiture of Dofasco will remedy the anticompetitive effects of the acquisition, and that, in the event such a divestiture is not possible, the alternate divestiture provision, which would enable the Department to require the divestiture of either Sparrows Point or Weirton, would likewise be sufficient to remedy those effects.

“Without a divestiture of one of these steel mills, purchasers of tin mill products likely would have paid higher prices that would have harmed American consumers,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department’s Antitrust Division.

“Preserving competition in tin mill products will ensure that customers receive the best prices, quality and service.”

Mittal is headquartered in Rotterdam, Netherlands, and has operations in 16 countries. In 2005, Mittal produced over 55 million tons of flat and long steel products and had revenues of approximately \$28 billion worldwide. Arcelor is a Luxembourg-based producer of flat and long products. In 2005, it had worldwide production of approximately 46 million tons and revenues of \$41.5 billion. In February 2006, Arcelor acquired Dofasco, which is Canada’s largest steelmaker, with 2005 production of approximately 4.8 million tons and revenues of \$3.9 billion.

As required by the Tunney Act, the proposed consent decree, along with the Department’s competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed decree during a 60-day comment period to Maribeth Petrizzi, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 3000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the Court may enter the final judgment upon a finding that it serves the public interest.

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